II

(Acts whose publication is not obligatory)

COMMISSION

COMMISSION DECISION

of 28 June 1989

concerning aid provided by France to certain primary processing steel undertakings

(Only the French text is authentic)

(90/70/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community, and in particular the first paragraph of Article 93 (2) thereof,

Having given the parties concerned an opportunity to submit their comments, in accordance with Article 93 (2), and having regard to those comments,

Whereas :

By letter dated 25 February 1988, supplemented by letter dated 22 April 1988, the French Government notified the Commission of an initial series of six awards of aid to primary processing steel undertakings which are subsidiaries of Usinor Sacilor. The total amount of the aid is FF 3 236,1 million, equivalent to some ECU 456 million :

(million FF)

Fillod (construction and large-scale projects)	1 021
Valexy (small tubes)	284
Tréfilunion (wire drawing)	1 246,4
GTS (large welded tubes)	293
CFEM (offshore equipment for the oil industry)	226,1
CFEM (engineering)	165,6
Total	3 236,1

On 4 May 1988, the French Government notified the Commission of a second series of three awards of aid to primary steel processing undertakings, once again subsidiaries of Usinor Sacilor. This notification was supplemented by a letter dated 17 August 1988.

The total amount of this second series of awards is FF 652,3 million, equivalent to some ECU 92 million :

(million FF)

Métalinor (scrap-metal dealers)	370,4
C3F (forging and foundry undertaking)	152
Chavanne-Kétin (foundry undertaking)	129,9
Total	652,3

The French authorities argue that the aid is justified by the fact that the major restructuring being carried out by each of the undertakings will help to rationalize the Community markets on which they operate. The restructuring plans accompanying the notifications have been worked out jointly by the undertakings and by independent experts who have presented and certified them. The restructuring plans entail in particular the closure of Fillod and CFEM offshore equipment and the suspension of activity at Métalinor at the end of 1988. The restructuring plans may be summarized as follows :

France non-ECSC : Restructuring operations

		31. 12. 1985	31. 12. 1990	1985/1990	Comments
Valexy (small tubes)	Workforce	1 689	894	− 47 %	2 plants closed (Noisy and Bessèges)
	Capacity	580 Kt	400 Kt	− 31 %	
	Output	377 Kt	345 Kt	− 8,5 %	
Tréfilunion (wire)	Workforce	3 801	1 532	− 60 %	2 plants closed
	Capacity (wire-drawing)	421 357 Kt	281 324 Kt	− 9 %	(Le Havre Aciers and La Triche)
	Output	2 119 KF	1 876 KF	− 12 %	
	Turnover				
GTS (large welded tubes)	Workforce	1 546	685	− 56 %	3 plants closed
	Capacity	4 740 Km	2 000 Km	− 57 %	
		780 Kt	590 Kt	− 24 %	
	Output	557 Kt	514 Kt	− 8 %	(Sedan, Maubeuge, La Rougeville)
CFEM (Offshore)	Workforce	489	0	−100 %	3 plants closed
CFEM (Engineering)	Workforce	1 002	430	− 57 %	
C3F (forging and foundry business)	Workforce	2 530	1 538	− 39 %	
Chavanne-Kétin (foundry business)	Workforce	889	450	− 49 %	
	Output	26 Kt	21 Kt	− 19 %	
Métalinor (scrap metal dealers)	Workforce	616	0	−100 %	
	Output	1 567 Kt	0	−100 %	

On 15 June 1988, the Commission decided not to raise any objections to the granting of aid to Fillod, on the grounds that the aid did not fall within the scope of Article 92 (1) of the EEC Treaty, since it did not affect trade between Member States ; in so doing, the Commission merely reiterated the assessment of aid to the undertaking which it had made in Decision 87/506/EEC (1). It also decided to initiate the Article 93 (2) procedure in respect of the aid for the five other undertakings receiving aid under the first series.

In reaching its decision, the Commission noted that the aid related to costs connected with the workforce (FF 1 619,2 million), direct restructuring costs (FF 641,9 million), the completion of contracts after closure (FF 489,2 million), the writing-off of losses (FF 68 million) and investment (FF 301 million), with the remainder still having to be specified (FF 116,8 million). It explained that it had not been able to establish that the restructuring plans presented in this connection were distinct from those which the Commission had ruled against in its abovementioned Decision 87/506/EEC covering some of the undertakings involved in the present case. Lastly, given the fact that the sectors in question have surplus capacity at Community level, the extent of the aid poses a threat which the Commission cannot overlook that competition might be distorted in a way that is contrary to the common interest.

On 28 September 1988, the Commission also decided to initiate the Article 93 (2) procedure in respect of the aid for the undertakings covered by the second series of notifications. In the first place, it noted that the aid related to costs connected with the workforce (FF 302,3 million), costs associated with closures (FF 112 million) and the settlement of Métalinor's financial liabilities (FF 238 million). This latter heading includes repayments intended for the parent company Usinor Sacilor. The aid could thus distort competition in the ECSC area to an extent contrary to the common interest. Secondly, the Commission wondered why the Government had to act instead of the undertakings concerned, or at any rate of their parent company, in assuming closure costs which are normally for the undertakings themselves to bear.

II

The French authorities presented their comments by letters dated 18 July 1988 and 17 January 1989 with regard to the first proceedings, by letters dated 28 October 1988 and 1 February 1989 with regard to the second proceedings and by letters dated 27 February and 3 March 1989 on both proceedings.

(1) OJ No L 290, 14. 10. 1987, p. 21.

The letters stipulate first that, both as regards the restructuring measures and as regards the financial flows, the new restructuring plans presented are wholly distinct from those underlying the previous measures notified to the Commission, which the Commission declared to be unlawful in its Decision of 25 March 1987.

The French authorities emphasize that the new restructuring plans are intended to restore the viability of the undertakings which remain in activity, by means of major restructuring of the activities maintained. The cost of such restructuring is well beyond the financial capacity of the undertakings concerned, and assistance from the State is therefore necessary if the restructuring is to be successfully carried out. They state that, in their view, the assistance is such that any shareholder in the same situation would have provided in order to restore the viability of the undertakings.

As regards Tréfilunion in particular, the French authorities point to its modest share of Community markets outside France (1,55 %). They state that, if the market develops unfavourably, further restructuring is anticipated. With regard to GTS, it is stated that there is to be a decrease not only in capacity (—57,7 %) but also in output (— 7,7 %) turnover (— 14 %).

With regard to Métalinor, the French authorities acknowledge that, in writing off the financial liabilities of the company, the repayment of certain debts vis-à-vis Usinor Sacilor transforms a doubtful liability for Usinor Sacilor into an inflow of funds. This creates a risk of competition being distorted in the ECSC area. Consequently, the French authorities have withdrawn the FF 83,7 million in aid for the settlement of such liabilities from the notification. The new amount of proposed aid for Métalinor is now down to FF 286,7 million, including FF 154,3 million for the writing-off of financial liabilities.

Noting that Métalinor has activities involving scrap metal, which is an ECSC product, but mainly involving dealing, which is an EEC activity, the Commission has taken the view, on the basis of the breakdown of the company's turnover, that 80 % of the aid to be provided to it comes under the EEC Treaty and 20 % under the ECSC Treaty.

Because of the difference in the legal basis of the EEC and ECSC proceedings, a distinction should be made between such proceedings and between the aid deemed to come under the EEC and that deemed to come under the ECSC. Of the notified total of FF 2 783,6 million (ECU 392 million), FF 2 726,26 million (ECU 384 million) must accordingly be assessed under the EEC Treaty and are covered by this Decision, whereas FF 57,34 million (ECU 8 million) will be assessed subsequently under the ECSC Treaty.

With regard to costs connected with the workforce (social costs), the French authorities have specified all the measures taken, indicating the workforce concerned in each case. In addition, in five cases the aid is also intended to cover bridging costs; this involves the wage costs for part of the workforce which is due to be laid off under the social plans approved by the 'Comité d'établissement', but which the undertakings have been obliged to continue to keep on since, in order to maintain employment in certain districts, the authorities would have used certain administrative procedures to delay the redundancies.

On the basis of all of this information and of the amendments made, the assistance to be provided by the French Government may be summarized as follows:

Breakdown of the proposed aid

(million FF)

	Social costs	Bridging costs	Closure costs	Other	Total
Valexy	106,9	35,8	73,3	68	284
Tréfilunion	336,6	336,9	237,4	335,5	1 246,4
GTS	129,7	22	49,9	91,3	292,9
CFEM offshore	145,9	48	32,2	—	226,1
CFEM engineering	124,2	39	1,8	0,6	165,6
C3F	101	—	51	—	152
Chavanne-Kétin	88,9	—	41	—	129,9
Métalinor (EEC-portion)	89,92	—	16	123,44	229,36
Totals	1 123,12	481,7	502,6	618,84	2 726,26
p.m.: Métalinor (ECSC portion)	22,48	—	4	30,86	57,34

As part of the proceedings four Member States and two trade associations submitted comments.

III

As stated under I, the notifications were made after the Commission had adopted Decision 87/506/EEC concerning aid granted to primary processing steel undertakings, some of which are the same as the undertakings in question here. The Decision related to aid amounting to FF 3 147 million (some ECU 443 million) and the Commission's negative stance was based on the lack of any restructuring plans which might help the undertakings concerned to re-establish their viability and which might, in terms of restructuring, constitute a compensatory benefit for the Community within the meaning of Article 92 (3) (c).

The French Government and Usinor-Sacilor acting on behalf of its subsidiaries appealed against the decision to the Court of Justice of the European Communities, but subsequently decided to withdraw the appeal. The French Government has also confirmed its intention of withdrawing and recovering the unlawful aid.

In submitting its new notifications, the French Government has presented detailed supplementary restructuring measures which, in its view, represent a compensatory Community benefit in connection with the aid. It stressed that, if all or part of its requests were accepted by the Commission, it did not intend payment of the new aid to overlap with the aid declared unlawful by Decision 87/506/EEC.

The Commission has checked that there was a clear distinction between, on the one hand, the restructuring measures for the first period (1982 to 1985), which relate to the aid applications covered by the abovementioned 1987 decision and, on the other, the restructuring measures involved in the current notifications. The latter restructuring measures were outlined in point I, while the former are set out in the following table :

First set of restructuring measures

		31. 12. 1981	31. 12. 1985
Valexy (small tubes)	Workforce	2 080	1 689
	Capacity	n.a.	580 Kt
	Output	460 Kt	377 Kt
Tréfilunion (wire)	Workforce	4 981	3 801
	Capacity (wire drawing)	489	421
	Output	387 Kt	357 Kt
	Turnover	n.a.	2 119 KF
GTS (large welded tubes)	Workforce	1 672	1 546
	Capacity	4 740 Km	4 740 Km
		780 Kt	780 Kt
	Output	600 Kt	557 Kt
CFEM Offshore	Workforce	2 994	489
CFEM Engineering	Workforce		1 002

IV

The assistance which the French Government proposes to grant these eight undertakings cannot fail to affect trade between Member States within the meaning of Article 92 (1).

With regard to tubes, with which Valexy and GTS are concerned, a very large proportion of Community production is for export, as the following table shows :

(million tonnes)

	1986		1987	
	EEC production	of which exports	EEC production	of which exports
All tubes	13 133	8 410 (64 %)	12 874	7 611 (59 %)
Seamless tubes	3 722	3 071 (83 %)	3 742	3 001 (80 %)
Small welded tubes	6 069	2 293 (38 %)	6 582	2 360 (36 %)
Large welded tubes	3 342	3 046 (91 %)	2 550	2 250 (88 %)

In 1986, Valexy accounted for 35 % of the French market in the above products, with 40 % of the market being supplied by other Community producers. In the same year, Valexy supplied 73 % of its output to the French market, 16,5 % to other Community markets and 10,5 % to non-Community markets.

GTS, which in 1986 had an output of 525 000 tonnes of tubes intended for the gas and oil market (more than 90 % of its output), produces 35 times the amount accounted for by the French market in such products (15 000 tonnes). Its sales in 1986 accounted for 9,5 % of non-Community markets (mainly the USSR), 19 % of Community markets outside France and 80 % of the French market. International trade is on a particularly high level in the products in question.

With regard to Tréfilunion, the EEC market in its products was 4,62 million tonnes in 1985, of which 1,24 million tonnes were accounted for by imports (27 %). In the same year, Tréfilunion sold 63 % of its output on the French market, 21 % on the other Community markets and 16 % on non-Community markets.

With regard to CFEM engineering, 53 % of its output in 1986 was sold on the French market, 14 % on other Community markets and 33 % on non-Community markets. By comparison, French production of this type of product, of which CFEM engineering accounts for some 5 %, amounted to 617 000 tonnes in 1986, of which 570 000 tonnes were supplied in France (92,5 %) and 47 000 tonnes were exported (7,5 %).

There are no detailed figures available for C3F and Chavanne-Kétin, but it may be said that their products (supplies for the steel industry such as rolling mill rollers and metal crushers) involve considerable intra-Community trade.

The products in which Métalinor deals (scrap iron and scrap from non-ferrous metals) also involve considerable trade between Member States, for example to countries whose steel industries have a large proportion of electric steel plants.

On the other hand, as the French Government has itself emphasized, re-establishing the viability of the undertakings concerned depends on the carrying-out of the restructuring programmes initiated with State assistance. Without such assistance, given their previous financial losses and the difficulties facing the sectors concerned in the Community [1], the undertakings would not have been able to obtain on the capital market the financial resources necessary for carrying-out their recovery programmes. Consequently, not only their return to viability, but also the very existence of the undertakings would have been undermined. Accordingly, the financial assistance in question is aid liable to distort competition within the meaning of Article 92 (1) and does not simply reflect the normal behaviour of a shareholder.

V

Article 92 (1) of the EEC Treaty provides that in principle any aid having features such as those described above, i.e. aid which affects trade between Member States and threatens to distort competition by favouring certain undertakings or the production of certain goods, shall be incompatible with the common market.

The derogations from this principle provided for in Article 92 (2) do not apply in this particular case, given the nature and objectives of the proposed aid.

Article 92 (3) specifies the aid which may be considered to be compatible with the common market. The derogations may be applied only if the Commission establishes that, in the absence of aid, market forces would not in themselves be enough to prompt the possible recipients of the aid to take action in order to achieve one of the objectives referred to.

The proposed aid is not covered by the derogation provided for in Article 92 (3) (a) concerning 'aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment'. The geographical areas within the Community eligible for this possible derogation were

[1] Mention should be made here of the framework for aid to the steel sectors not covered by the ECSC Treaty (OJ No C 320, 13. 2. 1988, p. 3). In that framework, the Commission noted that the market conditions for steel products prevailing since the 1970s had produced grave problems of over-capacity. It also noted that the crisis had affected both ECSC and non-ECSC steel activities. It should be mentioned that the scope of this Decision is specific and not general as was that of the framework ; there is, however, no contradiction between the two measures, which arise from the monitoring of aid to the non-ECSC steel industry.

determined on the basis of a method for the application of Article 92 to regional aid (1). None of the areas in mainland France, in which all of the undertakings in question are situated, is eligible for regional aid under Article 92 (3) (a). In any case, the French authorities did not notify the aid under this heading but as sectoral aid.

Nor can the derogation provided in Article 92 (3) (b) be invoked, since the aid is not intended to promote the execution of an important project of common European interest or to remedy a serious disturbance in the economy of a Member State.

The derogation provided for in Article 92 (3) (c) relates to 'aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest'.

As has already been pointed out above, the aid in question has not been granted as part of a regional aid scheme. This aspect will not be taken into account here, except to mention that, in a significant number of cases, the production plants concerned are situated in areas eligible for French regional aid because of the employment difficulties with which they are confronted (steel producing areas in Nord and Lorraine, and the region of Le Havre). From this point of view, the number of jobs maintained through the rationalization of the industry is not inconsiderable in the regions concerned.

In sectoral terms, the Commission may consider to be compatible with the common market aid for restructuring or conversion that is in line with the following criteria (2):

(a) sectoral aid should be limited to cases where it is justified by circumstances in the industry concerned, for example, in order to overcome a structural or cyclical crisis; in restoring the viability of the undertakings, the aid should not preserve the status quo or postpone decisions or changes which are inevitable;

(b) industrial problems and unemployment should not be transferred from one Member State to another;

(c) since adjustment takes time, a limited use of resources to reduce the social and economic cost of change is admissable in certain circumstances and subject to strict conditions;

(d) the intensity of aid should be proportionate to the problems it is designed to resolve so that distortions of competition are kept to a minimum.

In the light of these criteria, the Commission notes that:

1. the restructuring programmes described above were necessary for the rationalization of the undertakings concerned. The undertakings, which were confronted with serious structural difficulties that threatened their existence, were not capable of financing their programmes from their own resources alone;

2. the viability prospects of the undertakings remaining in activity have been examined and certified by independent experts.

Such prospects are satisfactory, since they are expected to be as follows by 1990:

(million FF)

	Net profit	Turnover	Gross operating profit (GOP) (1)	GOP as a % of turnover
Valexy (small tubes)	85	1 454	150	10,33 %
Tréfilunion wire	49	1 909	175	9,45 %
GTS large welded tubes				
lower assumption	1	1 355	67	4,9 %
upper assumption	11	1 531	81	5,3 %
CFEM engineering	20,4	752	35,7	4,75 %
C3F forging and foundry business	37	1 040	127	12,21 %
Chavanne-Kétin foundry business	9	337	38	11,28 %

(1) The gross operating profit or loss, i.e. turnover minus operating costs, is an indicator of an undertaking's capacity to generate the capital to cover depreciation and financial charges and to provide a return on equity capital.

(1) Commission communication (OJ No C 212, 12. 8. 1988, p. 2).
(2) Eight Report on Competition Policy, point 1.7.6.

The gross operating profit criterion may be considered to be satisfactory in all six cases, since write-offs and financial charges can be financed from own resources, sometimes even leaving an appreciable net profit. The recovery is very noticeable compared with 1986, when the six undertakings recorded losses and indeed gross operating losses, with the sole exception of C3F, which achieved a modest gross operating profit of 0,7 % of turnover. These improvements reflect productivity gains, the rationalization of management and production (marked by an increase in the rate of capacity utilization and a fall in financial costs) and, in the case of Tréfilunion, the shift in production to higher value-added products.

In the case of GTS, the gross operating profit is sufficient to allow a profit to be achieved after depreciation and financial charges. It should be noted that the above forecasts are bases on cautious market assumptions. More than 90 % of this undertaking's market is accounted for by the oil and gas industry. That market is characterized by large scale contracts which are concluded in the light of the trend in oil and gas prices, which determine the transport requirements for such products. Such contracts can lead to significant fluctuations in turnover and profits. Recent trends indicate that the outlook for GTS is favourable.

With regard to the activities of CFEM which are kept in operation (corresponding to around 60 % of the 1986 turnover figure), it should also be noted that the gross operating profit is sufficient to allow a net profit. As with GTS, CFEM engineering is subject to fluctuations in its level of activities, depending on the conclusion of contracts. In addition, CFEM's activities comprise a higher proportion of project study and development and a lower proportion of manufacture than other undertakings involved in primary steel processing, which means a lower level of depreciations to be covered than in the case of other undertakings ;

3. by closing several establishments and by concentrating or reducing capacity in various ways in sectors suffering from surplus capacity at Community level, the restructuring programmes for the eight undertakings concerned contribute to solving the structural problems facing the primary steel processing sectors and do not have the effect of transferring the relevant industrial problems and unemployment from one Member State to another ;

4. in so far as the proposed aid is restricted to covering the costs of social measures for staff leaving the workforce and costs directly associated with the closure operations, it may be authorized.

The social measures relate to early retirement and non-active status allowances (1 906 employees), training and retraining leave (1 161 employees), redeployment (541 employees), redundancy (827 employees), the 'fonds national pour l'emploi' (73 employees), assisted departure (427 employees) and other measures (194 employees). Their total cost is FF 1 123,12 million (ECU 158,2 million). For the purposes of this Decision, as far as Métalinor is concerned, the Commission took into account only 80 % of this type of expenditure as corresponding to the EEC portion of the undertaking's activities (see point 11).

The costs directly associated with closures and with the reorganization of production relate to the closure and restructuring of plants, the demolition of buildings, the transfer and resiting of equipment, the termination of contracts in connection with closures, the handling of disputes and proceedings in this connection, capital losses on transfers of assets, and the depreciation of fixed assets (amortizations and stocks). These costs amount to a total of FF 502,6 million (ECU 70,8 million). In the case of Métalinor the Commission has taken account of only 80 % of this type of costs (EEC portion), i.e. FF 16 million.

The total amount of aid which the Commission considers compatible with the proper functioning of the common market since it meets the criteria for exemption provided for in Article 92 (3) (c) of the EEC Treaty is thus FF 1 625,72 million (ECU 229 million) out of the notified total of FF 2 783,6 million (ECU 392 million), of which FF 2 726,26 million (ECU 384 million) are assessed in this Decision as falling within the scope of the EEC Treaty.

The Commission considers that, up to this amount, which is proportionate to the scale of the problems to be overcome, the aid may be considered to contribute to the development of the activities concerned without adversely affecting trading conditions to an extent contrary to the common interest ;

5. by contrast, examination of the other expenditure to which the French authorities propose to provide assistance shows that the aid threatens to affect trading conditions to an extent contrary to the common interest.

The expenditure in question is, firstly, that referred to under the headling of 'bridging costs', i. e. FF 481,7 million (ECU 67,8 million). Such costs are incurred in respect of the wages of the employees covered by the various social mesaures between the time when the social plan was adopted by the 'comité d'établissement' and the time when it actually entered into force, after the necessary administrative procedures had been completed. It is impossible to check whether the employees concerned did or did not during that period contribute to the productive activity of the undertaking. Contributing to the cost of such wages would therefore entail the risk of covering the operating costs of such undertakings through State aid, which cannot be deemed to be compatible with the proper functioning of the common market in sectors suffering from considerable surplus capacity.

The costs in question are, secondly, investment expenditure totalling FF 300,9 million (ECU 42,4 million) for investment to be covered out by Tréfilunion and GTS on the development of new products, research and development, anti-pollution and energy conservation measures and productivity gains. The costs also relate to State contributions to writing-off of past losses totalling FF 317,94 million (ECU 44,8 million). Such aid is directly linked to the re-establishment and maintenance of the future financial and technical structure of the undertakings concerned. Given the market situation in the sectors concerned, in which there is considerable surplus capacity, authorizing such aid would amount to giving certain producers an undue advantage and, consequently, to creating a distorsion of competition contrary to the common interest. The Commission considers that this type of expenditure forms part of the risk normally assumed by undertakings, for which the State is not responsible.

The total amount of the aid which the Commission considers to be incompatible with the proper functioning of the common market pursuant to Article 92 (1) of the EEC treaty is FF 1 100,54 million (ECU 155 million), since such aid is not eligible for any of the exemptions provided for in Article 92 (3) of the EEC Treaty.

HAS ADOPTED THIS DECISION:

Article 1

The aid totalling FF 1 625,72 million which the French Government proposes to grant to the following undertakings: Valexy (FF 180,2 million), Tréfilunion (FF 574 million), GTS (FF 179,6 million), CFEM offshore equipment (FF 178,1 million), CFEM engineering (FF 126 million), C3F (FF 152 million), Chavanne-Kétin (FF 129,9 million) and Métalinor (FF 105,92 million), and which is intended either to cover expenditure connected with the workforce or direct closure costs under the 1986 to 1990 restructuring plans which the French Government submitted to the Commission, is hereby declared to be compatible with the common market under the exemption provided for in Article 92 (3) (c) of the EEC Treaty.

Article 2

The aid totalling FF 1 100,54 million which the French Government proposes to grant to the following undertakings: Valexy (FF 103,8 million), Tréfilunion (FF 672,4 million), GTS (FF 113,3 million), CFEM offshore (FF 48 million), CFEM engineering (FF 39,6 million), Métalinor (FF 123,44 million) and which is intended for the payment of the wages of the employees covered by the social plans between the time of the approval of the plan by the 'comité d'etablissement' and its actual entry into force (bridging costs), the aid for investment not linked to reducing capacity and the aid intended to cover past losses are hereby declared to be incompatible with the common market under Article 92 (1) of the EEC Treaty.

Under this Decision, the French Governement is required not to grant such aid. Within two months of the date of notification of this Decision, the French Government shall inform the Commission of the measures it has taken to withdraw the prohibited aid plans so as to bring its total level down to the amount authorized in Article 1 of this Decision.

Article 3

This Decision shall not apply to the portion of the notified aid which is to be granted to Métalinor and which falls within the scope of the ECSC Treaty, i. e. FF 57,34 million.

Article 4

The French Government shall inform the Commission within two months of the date of notification of this Decision of the arrangements for granting the authorized aid to the recipient undertakings. With regard to the restructuring period (1986 to 1990), the French Government shall present to the Commission an annual report, before 30 June of the year following the period under review, on the financial results of the undertakings remaining in activity. The report shall indicate in particular the state of progress of the restructuring measures to be carried out (reductions in workforce, capacity shut-downs) and the turnover, gross operating profit or loss and the net profit or loss for each of the undertakings.

Article 5

This Decision is addressed to the French Republic.

Done at Brussels, 28 June 1989.

For the Commission

Leon BRITTAN

Vice-President